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Trends and New Initiatives in Tourism at the Time of the General Economic Crisis and the Current Situation in Serbian Tourism

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Abstract

Even though tourism has been facing different crises since the beginning of this century, recently it has faced the biggest economic crisis ever. Once again tourism has proved its resilience, with emerging markets playing a key role in its recovery. At the same time, the crisis has brought to the surface all weaknesses and showed an urge for innovation. Nowadays, consumers are more experienced, independent, better informed, relying more on word of mouth and social networks than on paid promotion. Additional value for money and unique experiences, have become more important than ever. This paper is pointing out these and some other trends in tourism, such as the increasing role of new tourism markets, modern technology, quality matters, etc. Despite its turbulent history and the fact that it is not a seaside destination, Serbia was one of the few countries which didn't report any negative results in international arrivals during the global economic crisis. Nevertheless, domestic tourism suffered and stakeholders need to implement some new strategies in order to stimulate domestic tourism and enhance the international one. A review of literature on tourism and the crisis, analyses of official data (mainly from UNWTO and tourism organizations), and field research conducted in Serbia on a stratified sample of 1005 interviewed citizens give an insight into the matter of the current situation in international tourism on the one hand and Serbian tourism on the other. The main conclusions are that stakeholders in tourism are now dealing with changed consumer behaviour. By improving service quality, adding value to tourism products, offering unique experiences and events, addressing new customer segments, focusing on the markets from the region and using modern technologies as a tool for promotion and communication better results could be achieved.

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Keywords: economy; crisis; trends; tourism; new initiatives;

1. Introduction

Since 1950s, tourism has experienced a remarkable and continuous growth. According to UNWTO international

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tourist arrivals increased from 25.3 million in 1950 to 1.087 billion in 2013. Although in several periods it was exposed to unfavourable effects of crises caused by economic and non-economic factors, tourism proved its resilience. However, the global economic downturn was the biggest crisis that tourism had ever faced. In 2009, international arrivals dropped sharply by 4% and tourism receipts by 9.4%. Suddenly, stakeholders in tourism needed to adapt to the changed market conditions. It has been evidenced that, during a crisis, tourists behave differently as far as holiday travels are concerned. They reluctantly give up travelling, but change their behavior depending on the type of crisis (Hall, 2005; Ritchie et al., 2010; Laws et al., 2007; Sonmez and Graefe, 1998; Gleasser, 2006; Henderson 2007).

Some of the changes in tourism demand due to the economic crisis were: shorter travels, travels to closer destinations in order to reduce transportation costs, more affordable and cheaper accommodation, reductions in consumption, etc. (Kester, 2009). Tourism in countries such as Spain and Greece, which largely depend on one significant source market, was very threatened, since the world economic crisis heavily affected the most developed countries which were also the leaders in the domain of tourism demand (USA, UK, Germany). In 2009 Germany had a decrease of 5% in GDP, the USA a decrease of 2.4% and the UK a fall of 4.9%. At the same time, tourism expenditure in those countries fell sharply, while it continued growing in China, which ranked first in the world by tourism expenditure in 2012.

In addition, some tourism stakeholders showed poor flexibility and understanding for the changes in tourism demand which had begun even before the economic crisis. However, once again, tourism demonstrated outstanding recovery potential, with remarkable growth rates, especially in emerging countries. According to UNWTO, while the number of international arrivals in advanced economy destinations is expected to grow by 2.2% a year, in emerging economy destinations it is expected to grow at twice the pace (by 4.4% a year). In absolute terms, emerging economies will add on average 30 million arrivals a year, compared to 14 million added by advanced economies. As a result, from 2015 onwards, emerging economies will receive more international tourist arrivals than advanced economies and by 2030 will have surpassed 1 billion arrivals. In 1980, 70% of international arrivals were recorded in the traditional destinations of the advanced, industrialized and diversified economies of North America, Europe, Asia and the Pacific. In 2030, 58% will be recorded in the emerging economy destinations of Asia, Latin America, Central and Eastern Europe, Eastern Mediterranean Europe, the Middle East and Africa.

Even though it cannot be compared to important tourist destinations, Serbia was one of the countries that didn't report any negative results in 2009 and in the following years it registered growth rates above the European and world average. Nevertheless, domestic tourism suffered and stakeholders need to implement some new strategies in order to stimulate domestic tourism and enhance the international one.

2. New Trends in Tourism and New Initiatives

While for many decades, tourism was based mainly on travel packages that included sun, sea and sand vacations, travel habits of tourists have changed significantly in the 21st century. Some of these changes, mostly due to the development of information technologies and socio-economic factors, include:

- Experienced, independent, better informed tourists,
- A decreasing role of paid promotion and increasing role of word-of-mouth and social networks,
- Life-style changes: flexitime and earned time jobs and shorter but more frequent holidays,
- A search for unique experiences and events rather than simple "sun, sea and sand (SSS) holidays"
- New market segments.

The role of modern information technologies has become crucial. Not only has it improved the business process of tourism offer, but it has also changed the behaviour of tourism demand (Antonioli & Baggio, 2011). Tourists have became better informed since a significant amount of information regarding destinations, hotels, prices and service quality has became available through the Internet and all other information that was earlier accessible only to travel agents. Due to low-cost carriers, tourists can organize their trips by themselves with more flexibility and choice at lower prices. Even if they don't buy online and go to the travel agency, they often search for information on the Internet in order to be prepared when choosing their travel package. Since tourists are aware of different choices, they search for better quality services. In other words, they want the maximum value for their money, and they know how to find it. Therefore, travel agents should have the knowledge and experience to offer a better service. Besides, they need to show more fexibility and offer tailor-made products, rather than traditional travel packages. As *Euromonitor.com* reports, one of the most notable trends amongst twenty-first-century travellers is an increase in online bookings. "The US and Western Europe remained the largest online tourism markets in 2012, with online travel sales reaching US $185 billion and US $170 billion, respectively. These very markets will grow the least from 2012 to 2017. However, BRIC markets are each expected to grow by 10-20% during that same forecast period." (Bremner, 2013).

Consumers used to rely mostly on recommendations of their friends, relatives, colleagues, but now they can see opinions of millions of other consumers through *TripAdvisor.com* and other similar web pages. This represents a challenge for stakeholders in tourism, especially for hoteliers, as hotels are mostly commented on. On the one hand, the dissatisfaction of one guest could now be seen by many potential customers, but on the other, it offers a possibility to post a response and improve the quality of service. The Internet also gives much more visibility to small hotels and enables them to promote and sell their products online. In order to maintain and reinforce a good image, it is important to have constant communication with clients and potential customers as they are the most valuable source of information and control of service quality and competitiveness. Not only are social media a new tool for word-of-mouth promotion, but they also have an important role in creating the need for specific tourism products. According to UNWTO research, Brazil has the biggest population of "netizens" or social media users in Latin America, with over 70 million Internet users in 2012, which makes it the fifth in the world. In order to attract potential tourists, national tourism organizations are targeting this important market through websites, blogs and other social media.

One of the trends, which was introduced firstly in the most developed countries, is the innovative trend of providing work options, such as flexitime and earned time, which are eroding the rigid nine-to-five type work schedules and uniform itineraries. Flexitime allows workers to distribute their working hours in a manner that best suits their individual lifestyles. For example, three twelve-hour days per week followed by a four-day weekend, or a series of four-hour days per week followed by a two-month vacation. Earned time options are production- rather than time-based. They usually involve the right to go on vacation once a given production target quota is met. Such time management innovations lead to short but frequent trips, but also to extended holiday stays and increased house rentals in tourist destinations as well as to a demand for other types of accommodation suitable for extended stays (Weaver & Lawton, 2010).

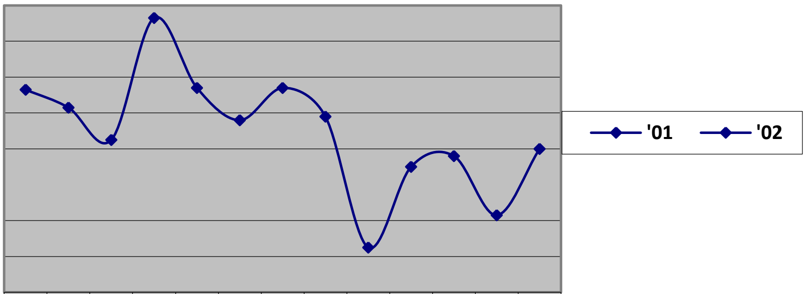
Tourists are seeking more activities while travelling, they want experiences that engage their thoughts and feelings and connect with their senses (Barsky, 2014). This means more activities while travelling, but also more interaction with local people. These tourists prefer spending more time with residents and understanding their culture through real experience to staying closed in a resort. Apart from this general trend, during the global economic crisis, tourists often chose events (e.g. music and sport) over cultural heritage tourism, probably because it is hard to resist one's passions while visits to historical sites could be postponed.

Lately, due to the socio-economic changes, new market segments have emerged. On the one hand, there is a significant growth in tourists from new outbound countries, such as Brazil, Russia, China and India, which requires a better understanding of their habits and preferences when travelling. For example, as stated at *eHotelier.com*, "businesses that offer various services and amenities that make Chinese travellers feel more welcome, such as Mandarin-speaking staff, travel guide information in Chinese, photos in menus, and acceptance of international cards like China UnionPay, which are dominant amongst Chinese travellers, will stand a greater chance of attracting Chinese guests and winning them over.+". On the other hand, new segments have emerged since the beginning of this century, such us DINKs (double income no kids) and PANKs (professional aunts no kids), characterized by more disposable income and time. However, baby boomers are still a significant segment, reluctant to delay their holidays despite the crisis and eager to travel with their friends and families.

Considering that the recent economic downturn has additionally changed tourists' behaviour, emerging destinations could benefit by offering unique, creative and competitive products. Even though Serbia is a rather new tourist destination on the international tourism market, as it used to be part of Yugoslavia, it is trying to benefit from the new trends in order to boost its tourism. At present, tourism directly contributes to GDP with 1.8%, while its indirect effect is 5.6% and as far as employment is concerned, it contributes directly with 2.4% and indirectly with 6%. The World Travel and Tourism Council (WTTC) estimates that by 2023, the direct and indirect contribution of tourism to GDP and employment will be 6.8% and 7.7%, respectively.

3. Current Situation in Serbian Tourism

Despite its turbulent history and the fact that it is not a seaside destination, Serbia was one of the few countries which didn’t report negative results in international arrivals during the global economic crisis. Even though most European countries had a decrease in international arrivals, the situation in Serbia didn’t change compared to that of 2008. There were several factors that contributed to this. Firstly, after a turbulent decade which was characterized by war in former Yugoslavia, economic sanctions and NATO intervention, which all together heavily affected Serbian economy and devastated its tourism, Serbia began its development in 2000. In 2007 Serbia registered the highest number of international arrivals, but there was a sharp decrease in 2008 due mainly to political tensions caused by the declaration of independence of Kosovo, while in most other European countries the results in 2008 were positive. Secondly, the Universiade took place in Belgrade in 2009, which was a significant event with athletes from 150 countries, attracting visitors from all around the world and contributing to international arrivals. Finally, most visitors in Serbia are from the region and we could notice that during the economic crisis tourists tend to choose destinations closer to home. On the other hand, although receipts suffered a downturn, the recovery of tourism was above the European average and GDP growth.



	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13
GDP growth rate	5,3	4,3	2,5	9,3	5,4	3,6	5,4	3,8	-3,5	1	1,6	-1,7	2

Figure 1. GDP Growth Rate in Serbia, 2001-2013

According to Euromonitor.com, except for ‘sun, sea and sand’ tourism, Serbia has potential in almost all tourism products, especially those related to nature and ecotourism, health, activities, special interests, rural and cultural tourism, river cruising, as well as business tourism and MICE. Lately, there have been significant investments in tourism, especially in hotels, following contemporary quality standards. The growth of international tourism continued as the image of Serbia as a tourist destination improved.The perception of Serbia is changing and it is beginning to be perceived as a country of fun, mostly due to its vibrant nightlife, music festivals such as Exit (awarded the best music festival in Europe), the ethno-music festival in Guca and similar events which are often commented on in social media.

The tourism organization of Serbia launched a campaign called “Soul Food Serbia” which promoted the food and nature of Serbia and a video clip was available on the UNWTO web page last year as Serbia hosted the executive council of this organization. This year the campaign is named “Lifestyle Serbia” with an emphasis on experiencing Serbian lifestyle, and it is promoted through traditional channels and social networks as well, aiming to attract more young people. Danube cruises are popular mostly among senior tourists, but they still need to reach their full potential. Historical sites and Orthodox monasteries are facing a similar situation.

Table 1. Tourist arrivals in Serbia, 2007-2013

Year	Total	Change	Domestic	Change	International	Change
2007	2.306.558	+15%	1.610.513	+13%	696.045	+19%
2008	2.266.166	-2%	1.619.672	+1%	646.494	-7%
2009	2.021.166	-11%	1.375.865	-15%	645.301	0%
2010	2.000.597	-1%	1.317.916	-4%	682.281	+6%
2011	2.068.610	+3%	1.304.443	-1%	764.167	+12%
2012	2.079.643	+1%	1.269.676	-3%	809.967	+6%
2013	2.192.435	+5%	1.270.667	+0%	921.768	+14%

Source: http://www.turizam.merr.gov.rs/index.php/yu/statistika, http://www.srbija.travel/

Even though domestic tourism in Serbia is still dominant, tourist flows from 2010 were characterized by an increase in foreign tourist arrivals on the one hand, and a decline in domestic tourists on the other. This coincides with low-cost carriers entering the Serbian market after the EU visa liberalization for Serbian citizens in December 2009, which made Serbia more accessible for foreign tourists, but also facilitated outbound travel.

In order to give a better insight into Serbian tourists' behaviour, a field research was conducted in 2011 on a stratified sample of Serbian population legal of age. The territory of Serbia was divided in four strata: Belgrade, Vojvodina, Western Serbia and Eastern Serbia and each one was represented proportionally to the total size of population legal of age. The questionnaire consisted of questions related to demographic characteristics of the respondents, their travel habits and preferences regarding destination, transport, lodging, etc., as well as specific questions related to the impact of the economic crisis on travelling and to other factors which could have had an impact on the respondents in the same period. For the purpose of this paper, we shall present the results regarding some habits and preferences of the respondents.

Table 2.The reasons for not travelling within the country

	%
Desire to travel within Serbia satisfied	11.2
Preference for seaside destinations and not being able to afford a second vacation during the year	37.3
Poor quality	7.3
High prices	1.7
Other reasons	13.2
No answer	29.2
Total	100

According to the respondents' statements, the main reasons for not choosing to travel to Serbian destinations is the fact that they prefer seaside destinations (37.3%) and they cannot afford another trip during the year. In addition, there is a certain satisfaction of their desire to travel within the country for 11.2% of respondents. Poor quality and high prices represent the main reason for 1.7 and 7.3% of respondents, respectively. Considering that there is a significant share of the respondents who named other reasons (13.2%) or gave no answer to this question (29.2%), their reasons for travelling could indicate their interests and therefore help us to understand what kind of tourism products might be appealing for them.

Table 3. The main reason for holiday travels

	%
Sun, sea and sand holiday	28.5
To take a break from the routine	43.4
Health reasons (spas, mountains...)	8.9
Fun	12.2
To visit friends and relatives	3.7
Sports reasons	0.4
Cultural or religious reasons	0.3
No answer	2.7
Total	100

Even though the respondents stated that the main reason for not travelling to destinations in Serbia is their preference for seaside destinations, their main reason for holiday travels is to take a break from their daily routine

(43.4%) and search for fun (12.2%), which represents considerable potential for tourism products that offer unique experiences, such as events, adventure tourism etc.

Table 4. How do you organize your trip?

	%
Travel agency	29.7
Individually	59.8
The Internet	2.3
Something else	6.2
No answer	2.0
Total	100

The majority of Serbian tourists organize their trips by themselves, since they mostly go on holiday by car to nearby seaside destinations, such as Montenegro, where they use private accommodation. The use of the Internet for such purposes is still at a very low level (2.3%), but considering the world trend, as well as the growing number of low-cost carriers on the Serbian market, which makes air tickets more affordable even for the lower income segments of Serbian society, and a higher percentage of Internet use to obtain information when preparing for a trip, it is realistic to expect that online sales will grow.

Table 5. On what basis do you usually decide where and how to travel?

	%
Personal experience	38.4
Recommendations of friends, collegues, etc.	41.2
Information from the Internet	6.0
Information from traditional media (television, newspapers, etc.)	1.2
Recommendations from travel agents	6.5
Catalogues	1.6
Advertisements	0.8
No answer	4.2

Since the majority of the respondents rely on recommendations of friends, colleagues, etc., social networks are expected to have a significant influence on making decisions regarding travel in the future. At the same time, travel agents need to be more active, while those travel agencies which used to rely on the fact that until December 2009 Serbian citizens (in most cases) needed to buy their trip through an agency in order to obtain a visa for EU countries are facing the biggest challenge. Travel agencies now need to reinvent their business by introducing dynamic packaging, as well as niche products (Holloway and Humphreys, 2012). For the time being, many of them are succeeding in boosting their sales by offering special deals for early bookings.

4. Conclusions

Bearing in mind the changes in tourism demand and behaviour, it is necessary for tourism supply to include some adjustments in the offer. Firstly, it is important for stakeholders in tourism to constantly update their knowledge through conferences, seminars, executive courses and all other forms of formal and informal education as customers are increasingly experienced, informed and demanding. Secondly, it has become crucial to establish good cooperation between stakeholders in tourism, not only at destination level but in the region as well, especially when creating a product for new markets, such as BRIC (Brazil, Russia, India and China) and other overseas countries. Instead of creating tourism products, it is necessary to create unique travel experiences enabling tourists to play an active role in the creation process. This requires more flexibility from all tourism services: travel agencies need to adopt a holistic approach, restaurants, cafes and hotels need to create meals with customers and offer free WiFi connection (as bars and restaurants have become new offices) as well as provide micro-stay offers in hotels for meetings or breaks between meetings or flights, etc. Internet searches and social media activities are a useful tool for the analysis of tourism trends and behaviour in the contemporary world. Therefore, communication with actual and potential customers through emails, web pages and social networks has become essential in understanding their needs, creating more interest and enhancing their loyalty. Even though Serbia is introducing new initiatives that are indisputably attracting more foreign visitors each year, its domestic demand is still focused mainly on traditional, seaside destinations. The improvement of the life standard of Serbia's population, would probably not affect the predominance of foreign destinations over domestic ones as first choice for holidays, however it would create a potential for growth of short breaks within the country if new experiences, that offer a gateway from daily routine, are created.

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